

Message Text

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63

ACTION COME-00

INFO OCT-01 ARA-16 ISO-00 L-03 AID-20 CIAE-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 DOTE-00 DODE-00 PA-04

USIA-15 PRS-01 DRC-01 /117 W
----- 024080

R 052100Z JUL 74

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 5882

LIMITED OFFICIAL USE SAN SALVADOR 2681

E.O. 11652 - N/A

TAGS: BEXP, ES

SUBJECT: IRCA - LATEST DEVELOPMENTS

REF: SAN SALVADOR 2647

1. DR TRIGUEROS, IRCA'S ATTORNEY, INFORMED COMMERCIAL ATTACHE JULY 4 THAT GOES HAS GIVEN IRCA THROUGH JULY 27 TO PAY CUTUCO USAGE BACK TAXES AND THAT THIS IS COMPROMISE DECISION HE WORKED OUT JULY 2 AND 3 WITH PRESIDENT MOLINA AND DR SILVA, MINISTER OF THE PRESIDENCY. HE POINTED OUT THAT "ACTUALLY, ALL THIS DOES IS TO POSTPONE THE DAY OF RECKONING, BUT AT LEAST WE WILL DO SO LEGALLY." HE EXPRESSED CONCERN OVER WEBER'S APPARENT "INDIFFERENCE" TO IRCA'S FATE, SAYING "HE MERELY SENT ME A TELEGRAM JULY 1 INSTRUCTING ME TO LODGE A STRONG PROTEST AND ADVISING ME THAT HE WOULD BE TRAVELLING THROUGH JULY 10 (AT THAT TIME THE CUTUCOM DEADLINE WAS JULY 4)*"; AND ADDING WRYLY: "I FEEL AS IF I WERE SORKING IN A VACUUM".

2. LATER, DR GAVIDIA, MINISTER OF FINANCE, ASKED THE COMMERCIAL ATTACHE TO INFORM THE DEPARTMENT THAT GOES'S ACTION WAS INTENDED "TO RESIGER THE GOVERNMENT'S LEGAL CLAIM AGAINST IRCA SO THAT THERE WOULD BE NO MISUNDERSTANDING OVER ITS LIMITED OFFICIAL USE

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DECISION NOT REPEAT NOT TO WAIVE COLLECTION OF CUTUCO PORT

CHARGES FROM IRCA." BG GAVIDIA SAID THAT, ACCORDING TO THE TERMS OF IRCA'S CONCESSION, THE GOES WOULD HAVE TAKEN OVER THE RAILROAD IN 1969, AFTER 60 YEARS OF OPERATION, ON THE GROUNDS OF NON-COMPLIANCE WITH THOSE TERMS, INCLUDING FAILURE TO PAY REQUIRED CUTUCO TAXES. HE SAID "IT WASN'T DONE THEN BECAUSE OF OUR PROBLEMS WITH HONDURAS." HE ADDED: "WE KNOW THAT IRCA CANNOT PAY AND WE ARE PREPARED TO PROTECT THE WELL-BEING OF IRCA'S WORKERS. IT IS THEIR FATE THATLMVCERNS US. IRCA HAS MISMANAGED ITS FINANCES SO BADLY AND FOR SO LONG THAT ITS PRINCIPALS NEVER SET UP A FUND, FOR EXAMPLE, TO HANDLE PENSIONS, AS BY LAW THEY WERE SUPPOSED TO DO. IRCA IS, IN FACT, A HORRIBLE EXAMPLE OF HOW NOT TO DO THINGS WELL". DR GAVIDIA COMMENTED THAT HE WOULD LIKE TO SEE WEBER (DR TRIGUEROS ALSO WOULD LIKE TO DO SO) BUT FEELS THAT IRCA IS "LIKE A SHIP ADRIXL."
CAMPBELL

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